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**SHELL EGG ADVISORY COMMITTEE MEETING**

Meeting Minutes for June 4, 2003  
Sacramento, California

Members Attending:

Wayne Winslow, Chairman  
Gary Foster  
Arnie Riebli  
Jerry Prieto  
Kelly Luth  
Paul Bahan  
Ernestine Huffman  
Neal Mathies

CDFA Representatives

Tony Herrera  
Stephen Mauch  
Jenna Richards  
Elisa Jafarnejad  
Janet Glaholt

Interested Parties

Richard Matteis, PEPA

**Item 1: ROLL CALL**

Tony Herrera (CDFA) called the roll; quorum established.

**Item 2: INTRODUCTIONS**

Tony Herrera asked those attending the meeting to announce themselves and their affiliation.

**Item 3: APPROVAL OF MINUTES FROM FEBRUARY 26, 2003 AND MAY 7, 2003**

Wayne Winslow asked the committee for approval of the February 26, 2003 and May 7, 2003 meeting minutes.

Stephen Mauch replied that the minutes need to show the correct spelling of Richard Matteis' name.

Wayne Winslow stated that on the first page of the meeting minutes the motion was not made by him, but was asked for by him.

Paul Behan stated that his name needed to be struck from the attendance list for the meeting on May 7, 2003, as he was not an attendance.

**Motion:** A motion was made to approve the meeting minutes from the February 26, 2003 and May 7, 2003 with amendments discussed above. M/S/P.

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**Item 4: CDFA ANNOUNCEMENTS**

Tony Herrera stated that he turned over a legal referral for Toby Eggs to the states legal department due to their noncompliance to furnish records.

Kelly Luth asked if the state has authority to retain product for noncompliance.

Tony Herrera replied that at this time, the state does not have that authority, but the passing of Assembly Bill 1069 will give us that authority.

Arnie Riebli asked with the current penalty is for noncompliance.

Tony Herrera replied that the current penalty is 10% for the 1<sup>st</sup> reporting period and 2% compounded thereafter.

Wayne Winslow asked Richard Matteis when AB 1069 is expected to pass.

Richard Matteis' replied that the bill is expected to pass into law January 2004.

Wayne Winslow asked how long it would take the legal department to respond to our request to subpoena records from Toby Eggs.

Stephen Mauch replied that it should take two to three weeks.

Tony Herrera stated that the Attorney General's office now has the file on Country Eggs, and that we are owed approximately \$45,000.

Steve Mauch added that the \$45,000 includes \$16,000 worth of penalties.

The committee expressed concern about what will happen to the shell egg quality control program should Joe Zaritsky, owner of Country Eggs prevail in his action against the department.

Tony Herrera assured the committee that the department is taking this legal action very seriously, and the attorney general is currently working on the case.

Arnie Riebli asked if Rosemary Farms is being audited.

Tony Herrera replied that Rosemary Farms is not currently being audited, but is on a list of companies to be audited.

Wayne Winslow asked how many audits have been completed.

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Tony Herrera replied that 10 companies have been audited, and \$10,000 has been collected from those audits. He said that several more companies are scheduled to be audited by the end of summer.

Tony Herrera stated that Dan Tesche has retired leaving the central district supervisory position vacant.

Wayne Winslow asked Carolyn Smith when her last working day is.

Tony Herrera stated that Carolyn Smith has agreed to stay with the program for another two years provided she'd be able to move to the Central District.

Artie Riebli stated he is glad to retain Carolyn's experience within the program.

Stephen Mauch stated that inspection are returning to production level in non-quarantine areas.

**Item 5: EQC Budget Discussion for FY 03/04**

Stephen Mauch opened the discussion by stating that the previously submitted forms are used departmentally, however they are difficult to understand. Janet Glaholt and Elisa Jafarnejad (E.J.) whom are present to guide us through the discussion have created two new fiscal displays, which may convey the budget status in a more explanatory format. He further stated that the original forms did include the income and expenditure of the federal funds, however the new displays do not show this money, as it is equal money in for equal money out. Since it is a re-imburement program, it does not reflect our cash. The new displays only reflect the total expenditures that would be supported by revenue only generated through program activities.

Janet Glaholt guided the committee through the fiscal display, explaining the amounts in the columns divided by fiscal year. The total revenue collected for the year (01/02) was \$883,000. That number plus the balance forward is 1.3 million of the "Total Resources" line. She further explained how monies encumbered from prior years are used to pay for expenses incurred in that fiscal year, but that have not been paid out yet.

Arnie asked why there is not an accrual line on the display.

Elisa responded by saying that they could do so by estimating on the encumbrance report and upping the number to 200,000.

Arnie asked if the federal re-imburement is separated out and accounted for separately.

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Stephen Mauch explained how this is done.

Arnie Riebli asked if the budget sheet could have a line item called "Federal Surveillance Subvention" and also another line item called "Shell Egg Surveillance Subvention" so the committee could know what dollars are going where.

Richard Matteis stated that the big question in the last meeting was where was the \$157,000 from prior fiscal year and was it going to be put back into the balance.

Open discussion ensued about this amount and whether or not it was money that was going to be put back into this years' cash balance.

Stephen Mauch explained that this money has been encumbered and is now expenditure.

Several committee members commented on the difficulty in understanding what this years expenditures are in the current format.

Stephen Mauch replied that the department needs to come up with a format that is easy to understand and explain.

Someone asked for explanation on the terms "prior year" and "current year".

E.J. explained the way the years are divided and how long each fiscal year has activity on the account.

Arnie Riebli asked if we could ensure that the counties have their billing in by three months after the end of the quarter or assess a penalty.

Tony Herrera replied that he is considering putting some type of language in this years' county contracts that impose a deadline and assess penalties for not meeting the deadline, similar to the way mill fee assessment penalties are imposed for late reporting.

Jerry Prieto replied that the county commissioners' auditor controller would not allow the authorization of a contract that has that type of language.

Arnie asked what the program could do to ensure the timely reporting of inspection work performed to be reimbursed.

Jerry Prieto said the county commissioners could make a personal commitment to furnish inspection reports in a timely manner.

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Tony Herrera explained how difficult it is to have so many different entities in charge of different aspects of the program, and have those entities not cooperate in the timely processing of work performed.

Wayne Winslow asked if he could have a motion to approve the budget as shown by the department.

Neal Mathis moved to approve the budget for FY 03/04.

Ernestine seconded the motion

**MOTION:** Gary Foster moved to approve the budget before any further discussion of marketing fees. M/S/P.

**Item 6: OTHER BUSINESS**

Discussion ensued regarding the legality of certain assessments for marketing purposes.

Tony Herrera requested that the committee go through some strategic planning exercises to update the program to the current agricultural climate, in order to maintain the viability of the program.

Open discussion ensued about the possibility of creating a food safety audit program for shell eggs.

Wayne Winslow called the meeting adjourned.

Respectfully Submitted By:

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Anthony Herrera, Program Supervisor

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Date